

Conduct Rules. NASD Regulation now regulates the activities of members engaged in government securities activities that are both general securities broker/dealers and limited purpose government securities broker/dealers.

Under the new policy, a member that is registered solely as a government securities broker/dealer and that has a dispute with a customer over a transaction in exempted securities shall be required to submit the dispute to arbitration upon the demand of the customer.⁷ Such disputes also may be compelled to arbitration pursuant to a valid predispute arbitration agreement. Intra-industry disputes involving exempted securities also will be subject to mandatory arbitration upon the request of one of the parties.

NASD Regulation also believes the policy should permit any claim involving exempted securities to be submitted for arbitration without regard to when the transaction occurred; however, if more than six years have elapsed from the transaction, occurrence, or event giving rise to the claim, under Rule 10304 of the Code, the claim will not be eligible for submission to arbitration.⁸ All claims involving general securities broker/dealers will continue to be accepted for arbitration consistent with past practice. Claims previously submitted that the Office has already declined to arbitrate under the old policy cannot be resubmitted under the new policy.

III. Discussion

The Commission believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act⁹ in that eliminating a barrier to the arbitration of disputes involving exempted securities will allow public customers and members access to the arbitration forum for the resolution of such disputes. The Commission believes it is reasonable, given the broadening of NASD Regulation's regulatory jurisdiction over government securities and the recent adoption of amendments to the NASD's rules in recognition of the broader jurisdiction,¹⁰ for NASD

Regulation to amend its arbitration policy to include claims involving government securities by members engaged exclusively in exempted securities activities¹¹ within the scope of those claims that are subject to mandatory arbitration under the Code.¹²

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change (SR-NASD-98-04) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

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DEPARTMENT OF STATE

[Public Notice #2843]

Determination on Export-Import Bank Support for the Sale to Venezuela of Defense Articles or Services To Be Used Primarily for Counter-Narcotics Purposes

Pursuant to section 2(b)(6) of the Export-Import Bank Act of 1945, as amended, and Executive Order 11958 of January 18, 1977, as amended by Executive Order 12680 of July 5, 1989, I hereby determine that:

(1) The defense articles and services for which the Government of Venezuela has requested Export-Import Bank financial guarantees, parts and services for the refurbishment of seventeen (17) OV-10 aircraft, are being sold primarily for anti-narcotics purposes;

(2) the sale of such defense articles and services would be in the national interest of the United States;

(3) The requirement for a determination that the Government of Venezuela has complied with all restrictions imposed by the United States on the end-use of defense articles or services for which the Export-Import Bank has provided guarantees or

consolidation of its Government Securities Rules into the Conduct Rules, ending the regulatory distinction between the activities of general securities broker/dealers and government securities broker/dealers. See Securities Exchange Act Release No. 37588 (August 20, 1996) 61 FR 44100 (August 27, 1996).

¹¹ As noted above, general securities broker/dealers are already required to arbitrate all their claims, including those involving government securities.

¹² As required by Section 19(b)(5) of the Act, the Commission has consulted with the Treasury Department on this proposal.

¹³ 15 U.S.C. 78s(b)(2).

¹⁴ 17 CFR 200.30-3(a)(12).

insurance under section 2(b)(6) of the Export-Import Bank Act is inapplicable because the pending financing will be the first Ex-Im Bank transaction with Venezuela made under section 2(b)(6) of the Act;

(4) the requirement for a determination that the Government of Venezuela has not used defense articles or services for which the Export-Import Bank has provided guarantees or insurance under section 2(b)(6) of the Export-Import Bank Act to engage in a consistent pattern of gross violations of internationally recognized human rights is inapplicable because the pending transaction will be the first Ex-Im Bank transaction with Venezuela made under section 2(b)(6) of the Act.

The determination shall be reported to Congress and shall be published in the **Federal Register**.

Dated: June 12, 1998.

Strobe Talbott,

Acting Secretary of State.

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DEPARTMENT OF STATE

[Public Notice No. 2842]

United States International Telecommunications Advisory Committee (ITAC) Development Sector (ITAC-D); Notice of Meeting

The Department of State announces a meeting, under the International Telecommunications Advisory Committee (ITAC), of Study Groups 1 and 2 of the Telecommunications Development Sector (ITAC-D). The meeting will be held on Wednesday, July 8, 1998, 10:00 a.m.-12:00 noon, in Room 1207 of the Department of State, 2201 "C" Street, NW., Washington, DC.

The purpose of ITAC is to advise the Department on policy, technical and operational matters and to provide strategic planning recommendations, with respect to international telecommunications and information issues. The purpose of this meeting is to develop U.S. positions for the upcoming ITU-D meetings. The meeting agenda will include preparation for planned ITU-D meetings of Study Group 1 (Telecommunications & Development Strategies and Policies) and Study Group 2 (Development, Harmonization, Management and Maintenance of Telecommunication Networks and Services, including Spectrum Management). Questions regarding the agenda or ITAC-D Sector activities in general may be directed to Doreen

⁷ NASD Regulation notes that few government securities claims involving public customers have been filed or attempted to be filed with the Office. Most of the claims involving government securities have involved member-to-member claims.

⁸ NASD Regulation proposed an amendment to Rule 10304, rule filing SR-NASD-97-44, pending approval with the SEC. Under the proposed rule change all claims are presumed to be eligible; however, the presumption could be overcome if the respondent challenges the claim on the basis that more than six years have elapsed since the act or occurrence giving rise to the claim.

⁹ 15 U.S.C. 78o-3.

¹⁰ In Notice to Members 96-66, published in October 1996, the NASD announced the